Nova Scotia LIGHT and POWER COMPANY LIMITED

ANNUAL REPORT — 1967

SERVICE

AND

CITIZENSHIP

Nova Scotia Light and Power is an investor-owned utility financed by thousands of people, most of them Nova Scotians, who have pooled their savings in this free enterprise Company which has consistently demonstrated its responsibility and good citizenship.

Throughout a century of service the Company has achieved an impressive record of accomplishments. It has met every demand for service promptly and in full. It has participated actively in community affairs and it has helped to shape the economic growth and progress of the Province.

Today it stands ready to meet the challenges of the future. Even though there are many unknowns, the goals and directions for future action are being carefully planned with basic and well-defined objectives — a high standard of service to customers — and good citizenship in the communities served.

Your Company intends to contribute actively to Nova Scotia's march to greater achievements. It is fully conscious of its responsibilities. It is also aware of the opportunities which are available to those who seek them with experience, imagination and enterprise.

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NOVA SCOTIA LIGHT AND POWER REPORTS FOR THE YEAR 1967 . . .

. . . . to inform the stockholders of the progress of company operations and the use that has been made of the funds they provided to make possible the existence and continued growth of the business.

. . . . to tell the employees, who are devoting their careers to the business, the results that have been accomplished through their endeavours.

. . . . to assure the customers we serve that we have forward looking plans to meet fully and economically their growing needs for electric service.

. . . . to affirm to the communities we serve that we shall continue to participate in all worth while local affairs as well as in our efforts to expand and improve the economy of the Province.

THE COVER, THE ARTIST, THE PURPOSE

"Picking up the Dories". While the mother ship hovers in the background, rugged and adventuresome fishermen, who had set out in their small but seaworthy dories to reap a harvest from the sea, have returned before the ominous gathering of the elements.

Fog and sudden tempest are always lurking dangers and many a doryman has become lost or met his fate through their unwelcome intervention in his risky occupation.

In this suggestive painting, W. E. DeGarthe, F.I.A.L., has once again placed on canvas a rugged way of life which is fading from our automated society.

DeGarthe, a replica of his viking ancestors, is an artistic Swede who adopted Nova Scotia as a place to live. Making his home at Peggy's Cove, located on Nova Scotia's scenic South Shore, he has devoted his career to paintings with a marine setting.

Since 1951 his paintings have appeared on the cover of the Annual Report issued yearly to stockholders and employees.

These works are serious, representative art displaying many aspects of life in a sea-girt province. They depict the shore fishermen, their ships, and the sea in all its mystery, power and majesty. The ever-changing temper of the Atlantic Ocean and its impact on the hundreds of bays, harbours, and inlets along the seaboard are captured by his brush.

As time goes on, these paintings will assume increasing historical importance. The series was commissioned with the thought that in the future it may very well contribute a lasting, nostalgic record to the marine lore of Nova Scotia as seen through the eyes of an artist who lives by the sea and is sensitive to its moods.

Copies suitable for framing are available upon request to the Secretary.

HIGHLIGHTS OF 1967 . .

		1967	1966	Percent Change
Vigorous sales effort, economic growth, and more customers pushed sales to a new high.	**Sales of Electricity** (Thousands of KWHRS)			
	Regular Customers	1,162,436	1,068,373	+ 8.8
	Including Mar. Power Pool	1,361,702	1,482,580	− 8.2
New industries, more customers and better living electrically resulted in higher revenue than ever before.	**Operating Revenues**			
	From Regular Sources	$26,432,118	$24,637,745	+ 7.3
	Including Mar. Power Pool	$27,618,532	$27,229,889	+ 1.4
These costs which rise with Company growth and inflation were held down through improved efficiency.	**Operating Expenses**	$21,069,788	$21,059,838	+.005
Met Company forecasts and were the highest ever recorded.	**Net Earnings**	$ 3,466,470	$ 3,245,314	+ 6.8
Showed modest improvement in spite of rising cost pressures.	**Earnings per Share**	$ .59	$ .55	+ 7.3
Construction expenditures were lower and no outside financing was required because of the present adequacy of equipment.	**Plant Additions**	$ 6,084,125	$ 5,461,179	+11.4
	Stock and Bond issues	None	$ 5,000,000 (Bonds)	

Women prefer it because of its cleanliness, its safety with children and its room by room control.

Electric Heating is increasing by leaps and bounds.

NOTE TO STOCKHOLDERS AND EMPLOYEES

After you have read this report, you can help to broaden the public's understanding of your Company's policies and progress by passing it on to a friend or neighbour.

YOUR DIRECTORS REPORT FOR THE YEAR 1967

During 1967 earnings per share showed a gain of 7.3 per cent and amounted to 59 cents.

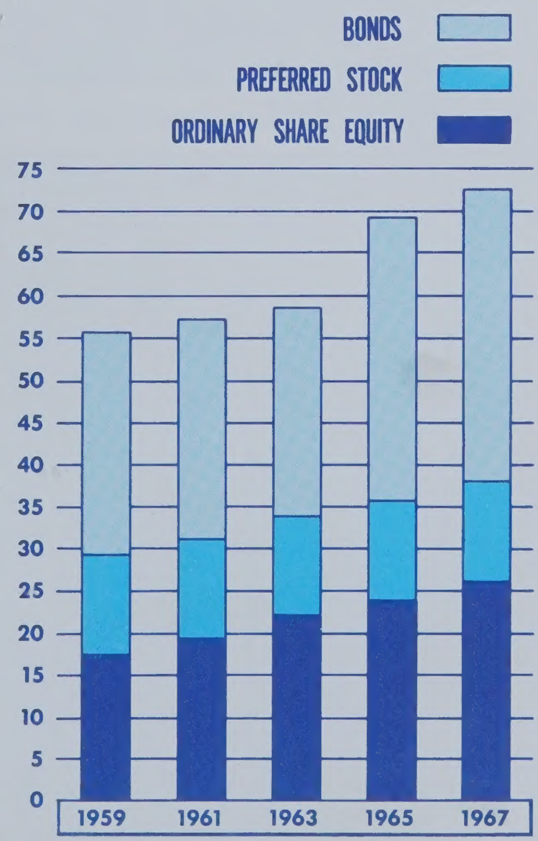
This was realized without an increase in electric rates. Earnings are under constant review and, although no immediate action is planned, an application for increased rates can be made at any time if warranted. Your directors are conscious of the Company's responsibility to provide good service at the lowest possible cost. This benefits present consumers and helps to attract new industries to the Company's service areas. On the other hand, consideration must also be given to present and prospective investors, to whom the Company must look for funds to finance the expansion that is continually needed to meet the growing demands of customers. Earnings must be adequate and competitive in the money markets, if current plans for growth are to be achieved.

Sales to regular customers during 1967, excluding grid sales, increased 8.8% over 1966, exceeding average growth for the industry in both Canada and the United States. Most encouraging is the dramatic increase in electric heating and the continued rise in domestic and general service use. This is an indication of stability and an assurance of continued future growth. Gross revenues including Pool sales increased by 1.4% to a new high for the Company of $27,618,532.

One feature of the Maritime Power Pool is that it provides for major interchange of electricity in the first year of a new generating station being brought into operation by one of the partners. Thus the effect on gross figures can vary so greatly from time to time as to make the establishment of trends from these figures most difficult. This is particularly so when it is realized that major interchange among the partners contains little profit margin.

Operating expenses, excluding fuel costs and income taxes, increased by 6.1% to $16,348,888, reflecting higher labour and other charges. Increases in these costs were limited by continued emphasis on economy and efficiency in all areas of the Company. Fuel costs were

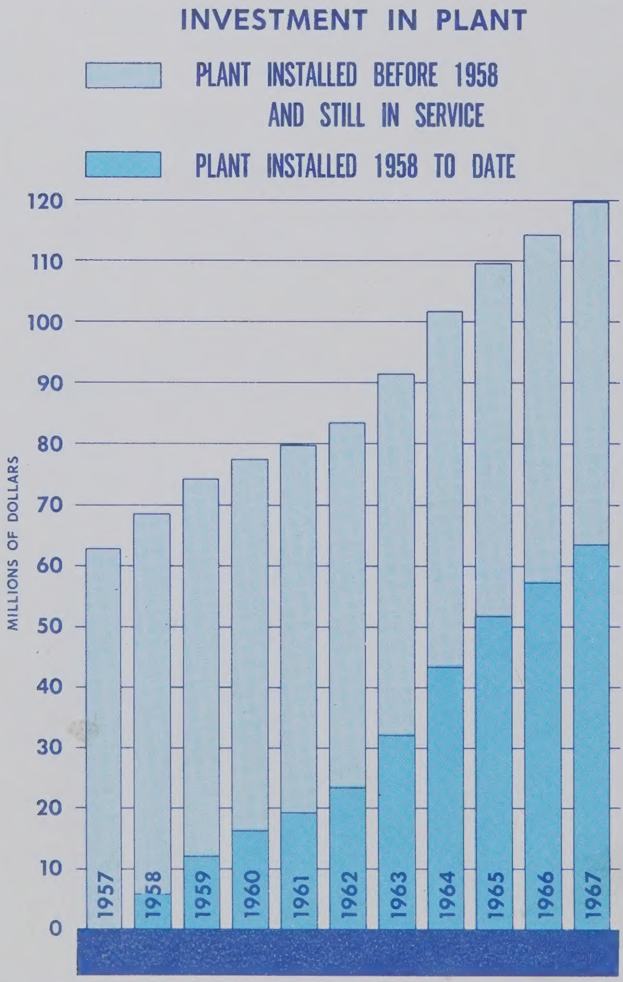
CAPITAL STRUCTURE

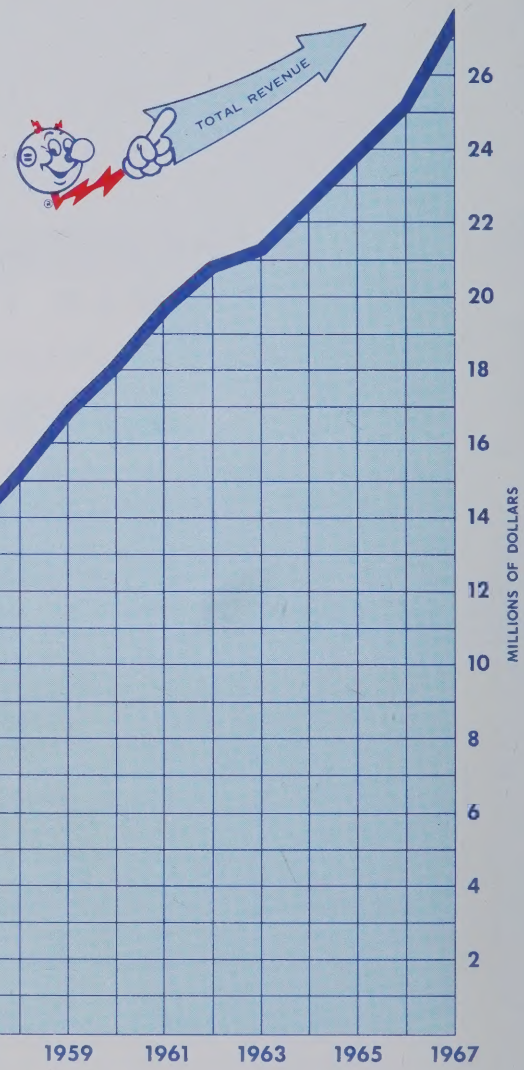


lower than in 1966 by 16.5%. This resulted from reduced pool interchange to the New Brunswick Electric Power Commission and a major improvement in hydro conditions.

Operating losses in the Transit Utility have been steadily increasing, and reached a figure of $202,420 in 1967. Added to the problem of operating losses is the necessity of replacing the entire electric trolley coach fleet in three years at a cost of approximately $2,000,000. The Company has notified the City Council of Halifax that it cannot finance this replacement while absorbing excessive operating losses. Discussions with a view to solving the problem have commenced and a solution satisfactory to all concerned is expected. A report on the action taken and the progress achieved is included in the transit story on page 12 of this report.

Capital expenditures were kept to a minimum in 1967 and will be limited again in 1968.





This planned restriction is part of the Company's preparation for a period of accelerated capital spending in the years 1969 to 1972. Time is available to study market conditions and plan long-range financing in order to take advantage of any improvement in interest rates and availability of capital. One immediate commitment that must be met in 1968 is the refunding of 3¾% Series Bonds maturing on July 2nd. The amount required is approximately $2,200,000. This, together with other capital requirements, will exceed total funds generated internally and some borrowing will be necessary. If market conditions remain unfavorable, long-term borrowing can be held to a minimum.

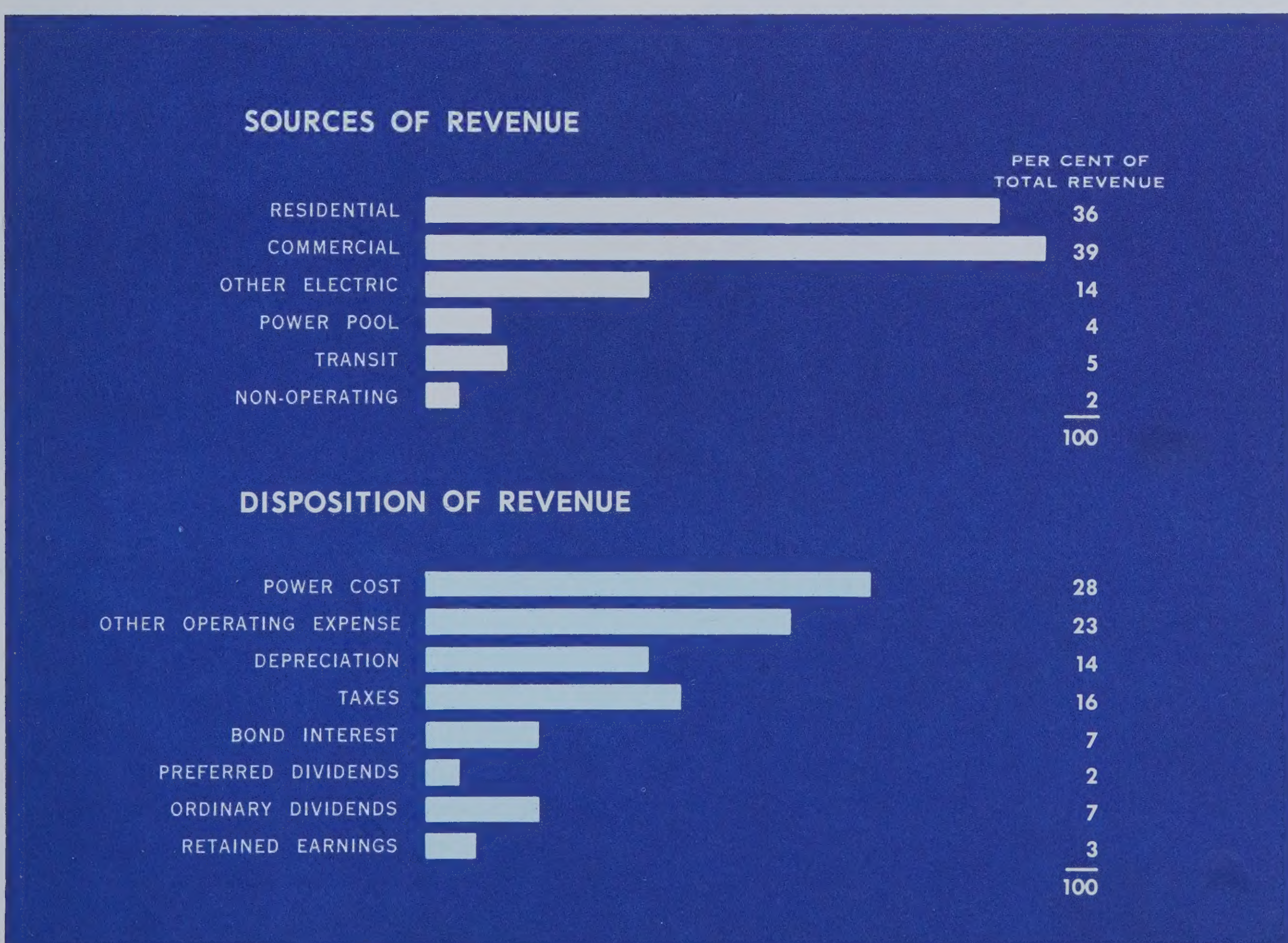
As government spending at all levels continues to rise, so does the annual tax bill of business establishments in the private sector of

the economy. Your Company, an investor-owned electric utility, is no exception, and must pay its full share of federal and municipal taxes. Our total tax payable for 1967 was $4,376,191. Of this amount, $1,434,363 went to the municipal governments in our service area, while $2,941,-828 represents federal income tax for 1967, 95 per cent of which will be returned to the Province which in turn will rebate a large portion to the municipalities. The Company is the largest taxpayer in many of the municipalities it serves and thus is meeting its obligation as a corporate citizen by contributing to the costs of public works and social services. In fact, the Company paid one-third more in taxes than the amount of earnings available for stockholders.

Late in 1967, an invitation was received from the Town of Truro to bid on the purchase of its electric utility. The Company has been interested in acquiring this utility for many years. Its location, as indicated in the system map appearing on pages 14 and 15 of this report, prevents effective integration of the Company's northern region with the remainder of the system. A bid to purchase the Truro utility will therefore be made, and should the Company be successful, operating efficiencies can be realized which will provide long-range benefits to customers of both utilities. The Company is hopeful that its offer will be the one accepted.

Net earnings transferred to retained earnings amounted to $3,466,470 compared with $3,245,314 in 1966. Ordinary dividends, paid for the thirty-eighth consecutive year, amounted to $1,973,058. Preference dividends of $530,557 were paid at designated rates.

Complete details of the operating results for 1967, with comparable results for 1966 together with the Auditors' Report and notes to financial statements are presented on pages 24 to 27 of this report.



GENERAL OPERATION . . . .

Throughout the whole year the operation of the Company ran smoothly. Its affairs were capably handled by its staff and every planned target was met or exceeded.

More efficient use was made of equipment, materials and money. The reliability of electric service was strengthened. Production costs were lowered. Methods and procedures were streamlined and improved. All demands for service were met promptly and in full. Generating equipment and all other facilities were maintained in first class condition. An excellent safety record was established. Operating expenses were carefully controlled to squarely meet budget forecasts.

The results reflect the splendid effort and capability of the whole work force whose performance in a difficult year was most praiseworthy.

This competence is a direct result of the care taken in selecting new employees and the emphasis placed on their continued training, especially those in supervisory and management positions. Its value to stockholders lies in the more productive use of the capital they have invested in the business. Its value to the Company is proven by the contribution it makes toward achieving the well-defined and basic objective of providing a high standard of service to customers at the lowest possible cost.

Following two consecutive years of drought, rainfall during 1967 was back to normal. In the Company's hydro areas the recorded rainfall was slightly greater than the twenty-year average amount.This contributed to the good operating results of the year through better-than-forecast hydro production.

The Company continued its policy of supporting the coal mining industry of the Province by using coal as the basic fuel for thermal generation. During the year 315,854 tons of Nova Scotia coal were used in the Tufts Cove and Water Street Generating Stations.

Higher costs are affecting the Company's business in exactly the same way that they are affecting you in your own business and in your own home. Every woman knows how higher costs are affecting her household budget. How-

The new Lequille hydro generating station, now under construction, is located at the site of America's first grist mill built by Poutrincourt, who came with Champlain in 1607. Having regard for the historic significance of the site, the generating equipment will be housed in a building which is a replica of a 17th century mill. The surrounding grounds will be suitably landscaped, and space provided for historical monuments. When completed early in 1968 it will be another interesting attraction in the historic Annapolis area. On a hill overlooking the station Company engineers are discussing the clearing of land for a picnic park. Both tourists and residents will be impressed by the magnificent view of the whole Annapolis Basin area.

ever, the increasing use of electricity by all of the Company's customers is helping to hold down the cost of electricity because it makes possible more efficient loading of generating and distributing facilities. Thus, the fixed costs are spread over more energy and the average cost of the kilowatt hour is lowered . . . electricity does not increase milady's budget.

The Company is continually seeking new and improved methods to offset the rising cost of operation and maintenance. Substantial savings have resulted from standardization of materials, equipment and design. The use of the most modern construction and maintenance equipment as well as high speed electronic data processing and billing equipment have improved operating efficiency. The increased productivity of the employee team has also contributed substantially to holding down operating costs.

Operating economies are also being realized from the Interprovincial Grid which connects the Company's system with that of the other utilities in Nova Scotia and New Brunswick. This power pool allows the Company to share the benefits of the coordinated use of the most efficient thermal generating units as well as the seasonal availability of excess hydro power.

The existing electric rates have been in force since 1963 when the Company made a substantial reduction in its charges for electricity. How long these rates can be maintained without reflecting on the stability of the Company and the quality of its service is a matter of concern.

Inflation with its attendant increases in the cost of money, equipment, labor and taxes is straining the Company's ability to maintain present rate levels. It is hoped that restraint with respect to prices, wages and government spending will be observed in the general economy.

During the year stockholders, employees, the financial community and the news media were kept informed on Company affairs and progress through quarterly statements and news releases. Under an improved procedure, quarterly reports will be mailed to stockholders much earlier than in the past.

Side by side and both are all-electric. They illustrate the dramatic trend to electric heating. The new married students residence on the left promises to set the heating pattern for future university buildings. The luxury apartment building on the right features electric living at its best . . . a wide range of top quality appliances and excellent lighting.

ELECTRICAL PRODUCTION . . . .

During 1965 and 1966 rainfall and precipitation in the Company's hydro areas were the lowest on record in the last century. However, the severe drought conditions ended this year. By October the accumulated precipitation was back to normal values for the first time in three years. Total precipitation for the year was 48.31 inches and exceeded the average of the last twenty years by 10 per cent.

Since the increased rainfall came during the last three months of the year and the December amount was 70 per cent above normal all of the gain will not be reflected in the year's hydro production. Hydro storages filled rapidly even with heavy generation, and at the year end were 72 per cent full. At the end of 1966 they were only 12 per cent full. A very favourable storage position will thus carry forward for 1968.

Total hydro production for the year amounted to 190.8 million kilowatt hours. This is 52 per cent more than the production of the previous year and 12 per cent more than the long-term average. In December alone, the hydro stations, designed for an average capacity factor of 40 per cent, ran continuously at 85 per cent capacity factor and generated a record 25.6 million kilowatt hours.

Throughout 1967 the Company's thermal generating stations provided the base-load energy for the system and produced 1,233.8 million kilowatt hours. This is 16 per cent less than the amount of the previous year. The decrease resulted partly from the improved hydro production but mainly from planned decreased sales to the Maritime Power Pool.

The peak load on the Company's system climbed to 246,380 kilowatts, an increase of 17,965 over the previous year.

The sale of energy to other utilities in the Maritime Power Pool amounted to 199 million kilowatt hours compared with 414 million in 1966. There were two reasons for the drop. First, river flow in both Nova Scotia and New Brunswick was much better in 1967 than in the previous year and hydro production was substantially higher. Secondly, both of the other utilities in the Pool added new thermal generating capacity during 1967 which supplied all their requirements during the last half of the year.

In providing the energy requirements of the year, 75 per cent was generated by the Company's thermal stations, and 15 per cent by hydro stations. The balance, 10 per cent, was purchased.

In a cooperative effort the Company, the Nova Scotia Wildlife Federation and the Wildlife Division of the Provincial Government have embarked on a comprehensive fish stocking program. Here Government Biologists are stocking one lake with small-mouth bass. Other lakes are stocked with speckled trout.

The Company's hydro lakes and lands have always been open to the public for hunting, fishing and other forms of recreation. Waterfront lots have been leased for cottages. On some lakes, picnic parks, beaches and boating facilities have been developed. These are proving so popular that they are constantly being expanded. Similar facilities are planned for other lakes in the coming year.

MARKETING . . . .

There are three major dimensions to the Company's overall marketing plan. One involves the aggressive promotion of all types of appliances and equipment which use electricity. Another is patterned to maintain a proper balance in the charges made for the various classes of electric service. The third involves the industrial development program which is coordinated with that of Civic and Provincial Governments, Industrial Estates Limited and others.

The emphasis on the various parts of the plan shifts from time to time to meet the changing conditions brought on by growth. The plan has been in effect for some years. Its effectiveness has been demonstrated in the rapid and consistent increase in electricity sales, the generally decreasing cost of electric service and the economic progress of the service area.

The year 1967 was no exception. Retail sales of electricity again topped all previous records and amounted to 1,162 million kilowatt hours. This represents an increase of 8.8 per cent over the 1966 figure. The increase alone for 1967 is equal to the total electricity sold in 1939, the year World War II started. The increase becomes even more significant when it is compared to the 6.4 per cent recorded in the United States and the Canadian average of 6.7 per cent.

Revenue from retail sales of electricity reached a new high of $24,749,204, an increase of 7.6 per cent over the previous year. The greatest increase was in the field of electric heating where sales were 40 per cent more than those of the previous year. This points out the definite trend to electric heating in homes as well as in commercial buildings of many kinds. It also indicates the acceptance that electric heating has achieved. This acceptance is as widespread and rapid as that ever recorded by any other application with the exception of television. The efficiency and economy of electric heating have become well established and people generally are becoming aware of its advantages and convenience over other fuels.

Electric heating promises to be the prime load builder for the future. The Company's marketing program has been tailored to take advantage of this great opportunity for growth.

Industrial power sales were up 9.4 per cent for the year and were more than double the figure recorded five years ago in 1962. This tremendous increase clearly shows the substantial improvement in the manufacturing

Families from the Wolfville-Kentville area enjoy the sandy beaches and clean waters. Some come almost daily. On weekends thousands of people find relaxation in these unspoiled wilderness areas.

Boating and water skiing are popular too, especially with the younger folk.

Completely engrossed

In a world of their own - -

An exclamation from one, a smile from another - - -

Carleton Edwards a n
Donald Armstrong — t
creator and the technicia

Now in its eleventh year the Land of Fantasy has been viewed with enjoyment by more than 500,000 kiddies of all ages. Created and produced by the Company's display artist it is the only one of its kind in the world. Santa and many of the characters of children's fairy tales and songs are featured in this animated display.

economy. It also reflects the impact of the new industries that have located here as well as the expansion of traditional existing industries. Your Company's industrial development activities have contributed materially to this growth.

Domestic users chalked up a 9.3 per cent increase. This is right in line with the year-by-year increases which have continued for the past twenty years. It clearly indicates that more homes are broadening their use of electrical appliances and enjoying better electrical living as a result. There is every reason to expect that this trend will continue. Each year more and more new appliances are being developed and meeting customer acceptance. The field of new uses for electricity in the home seems to be limitless.

The average annual use of electricity by residential customers reached a new high of 4,826 kilowatt hours. This is a gain of 313 over the 1966 figure. In the Halifax-Dartmouth metropolitan area the annual use figure is an even more impressive 5,668 kilowatt hours. Within a few years this will double.

With this greater use of electricity its average cost to residential users dropped from 2.14 cents per kilowatt hour in 1966 to 2.09 for 1967. (The United States average figure stood at 2.16 cents, down from 2.20 in 1966). Because of this drop the average residential customer got more value for his money even though his annual bill amounted to $101.34 compared with $96.60 in 1966. This is one way that the marketing program contributes to the Company's objective of providing good electric service at the lowest possible cost.

The appliance sales program is backed by aggressive advertising on television and radio as well as in newspapers and other media. Its success is shown in the results. The Company's own merchandising operation again set new records with sales of appliances passing the $1,200,000 mark. Sales by independent dealers also reached new high levels. The overall result is proven in Dominion Bureau of Statistics figures which show that "expenditures per family for electrical appliances" in the Halifax-Dartmouth area is more than double the national figure. This trend has been consistent for the past five years.

The Company operates two retail appliance stores in Halifax and one in Dartmouth, Windsor and Yarmouth. In addition, in about twenty strategic places in the service area where appliances were not being actively marketed, arrangements have been made with local dealers who have been provided with a consignment stock of appliances. This latter venture has been in operation for several years and has produced good overall results.

For more than fifty years the Company has operated an appliance repair department. It renders satisfactory support for the appliance sales activities and provides a necessary service to customers on a round-the-clock basis.

CONSTRUCTION . . . .

The strong relative position of generating equipment with regard to load requirements, and the general adequacy of all other facilities permitted capital expenditures to be limited to $6,084,125. This is slightly less than the forecast made in the Annual Report a year ago. Capital outlay for new equipment in 1968 is not expected to exceed $6,000,000.

This control of capital spending is part of a planned program to consolidate firmly the Company's financial position in preparation for heavier commitments in the early 1970's when major additions to generating plant and substantial reinforcement of transmission facilities will be required.

Most of the 1967 expenditures were used for strengthening parts of the transmission and distribution system to meet growing demands as well as to provide equipment for serving new industrial and commercial customers and new housing developments. About twenty per cent of the total amount was spent on the re-development of the hydro site at Lequille.

The capital program for 1968 will follow this same pattern.

In 1969 and in the early 1970's expenditures will be more than double those of the last two years. Most of the money will be needed for the addition of the second generating unit on the Tufts Cove site. Major contracts for equipment will probably be placed late in 1968. Discussions with the other utilities in Nova Scotia and New Brunswick who are partners in the Maritime Power Pool are now taking place. The final size of the new unit will be such that it fits in with the coordinated, long-term planning of this group. All other sources of capacity are also being investigated. It is expected that the installation of this plant will provide the best source of power, and its size will not be less than 150 megawatts. The estimated cost of the new plant is in the area of $25,000,000. So that designs can proceed, a construction requisition in this amount has been passed by the Board of Directors and approved by the Nova Scotia Board of Commissioners of Public Utilities.

When the original Tufts Cove Station was completed in 1965 one-quarter of its capacity and corresponding output was sold to The New Brunswick Electric Power Commission under a one-year contract. The contract was not renewed because the total output of this station was needed to meet the growing requirements of the Company's customers. As growth continues and the Company's generating sources become fully loaded, capacity and energy will be purchased from the other utilities in the Maritime Power Pool until 1972 when the new unit at Tufts Cove will be in operation.

This facility is another advantage shared by your Company with the other partners in the Maritime Power Pool. It benefits all the electric customers of both Provinces because the three participating utilities work together in planning and building generating stations on a turn-by-turn basis to achieve the most prudent use of capital, the maximum efficiency and dependability of generation, and the greatest economy of overall operation.

Fred DeMont, C. James Miller and Burton J. MacNeil receiving Canadian Electrical Association life saving awards from Lieutenant Governor H. P. MacKeen at Government House. William Ladyman, an International Vice-President of the I.B.E.W. attended the presentation ceremonies as did a number of other local union and company officials.

Fred Duncanson with his wife Dolly, son James and daughters Christine and Katherine. Lineman Fred Duncanson of Mines Road, Falmouth, has been awarded an Honorary Testimonial Certificate by the Royal Canadian Humane Association for his efforts in saving the life of a seven year old Windsor boy. It was the second time Fred has been involved in rescue work.

During 1967 most of the heavy construction work was completed on the nine-mile-long, 138,000 volt, steel tower transmission line between the Tufts Cove Generating Station and the main switching station at Sackville. When the job is finished in early 1968, it will greatly improve the reliability of the Company's transmission system, especially in the Halifax-Dartmouth area. It will also complete the Company's 138,000 volt transmission system which links with the Interprovincial Grid line at Onslow, and the western network of The Nova Scotia Power Commission at Gold River.

A 69,000 volt transmission line was built between the St. Croix switching station and the transformer station at Five Points, near Hantsport. This will improve reliability and capacity in the eastern end of the Annapolis Valley. A new 69,000 volt switching station now under construction at Tremont in Annapolis County will bring like improvements to the western end of the Valley in the spring of 1968.

At Yarmouth the 69,000 volt transmission was extended and a substation was built to serve a new large fish processing plant on Bunker Island.

In Halifax a cross-city 23,000 volt tie from the Water Street Generating Station to Armdale Substation was completed. This will improve the reliability of the Yale Street and Victoria General Hospital substations. It also makes available to Dalhousie University a new bulk power supply for the whole university complex.

To improve service and provide for growing loads the distribution system was converted to higher voltage levels at Spryfield, Herring Cove, Rockingham, Penhorn Lake, Cow Bay, Wentworth Valley and at Milton.

At Annapolis, Pubnico and Waterville, district office and storeroom buildings were completed during the year.

TRANSIT . . . .

Recent annual reports of the Company have emphasized the steadily declining patronage and the increasing annual losses of the transit system. The situation is not unusual or peculiar to Halifax. It is being experienced by transit systems all across this continent. The contributing causes are well known. The need for transit service and its value to the community have also been firmly established.

The results of 1967 when compared with the previous year show a drop in passengers from 10,588,929 to 10,568,927 and a slight increase in revenue from $1,421,554 to $1,430,047.

The present trolley coach fleet is nearing the end of its useful life and its maintenance costs are high. The fleet should be replaced by 1970. This would require an expenditure of about $2,000,000. Such an expenditure could not be justified under present conditions.

One alternative open to the Company is to apply, under a 1963 revision of the Company's Act of Incorporation, for a surcharge on electric bills in Halifax to compensate for the transit loss. This provision is only applicable if the fleet

Many of the cities and towns served by the Company staged special parades to mark Canada's Centennial. Your Company supported these community efforts with attractive floats which won most of the top awards.

One float featured the Canada Goose which appeared on the back of Canada's Centennial silver dollar. Reddy Kilowatt on his pink horse was popular wherever he appeared.

is predominantly electric. The replacement of the trolley coach fleet, because of radical changes taking place in traffic arteries, might best be made with diesel coaches. Because of this possibility and the Company's belief that a surcharge on electric bills is not a proper or lasting solution—in fact it has distinct disadvantages—no application has been made.

The Company has, however, initiated discussions with the three Municipal Governments, and the other transit operators in the metropolitan area, to seek a long-term solution to the problem. With changing municipal boundaries and new traffic patterns due to re-development, bridges and interchanges, it is felt that an integrated metropolitan service should be established at the time of trolley coach replacement. Such a service would require financial support from the municipalities concerned. Some form of financial support is already the common practice in most cities of Canada and the U.S.

A number of meetings have been held during which the Company has endeavoured to identify and bring into focus all the facets of the transit problem as well as possible solutions. The responsible and cooperative attitudes of the municipal authorities and the other transit operators in the area are most gratifying.

A new integrated transit system is essential for the present and future needs of the metropolitan area. It will require subsidization or capital assistance from the municipalities or from sources available to them.

The municipalities will be receiving new revenues as a result of the additional income tax rebate of this Company being turned over to them by the Provincial Government. The Company has suggested that it would be in the best interests of the community to use this rebate to assist transit, a public service, that is needed by the citizens of the whole area.

The Company has also suggested that the municipalities should explore the possibility of obtaining capital assistance from Provincial or Federal agencies. This has been done in many other cities.

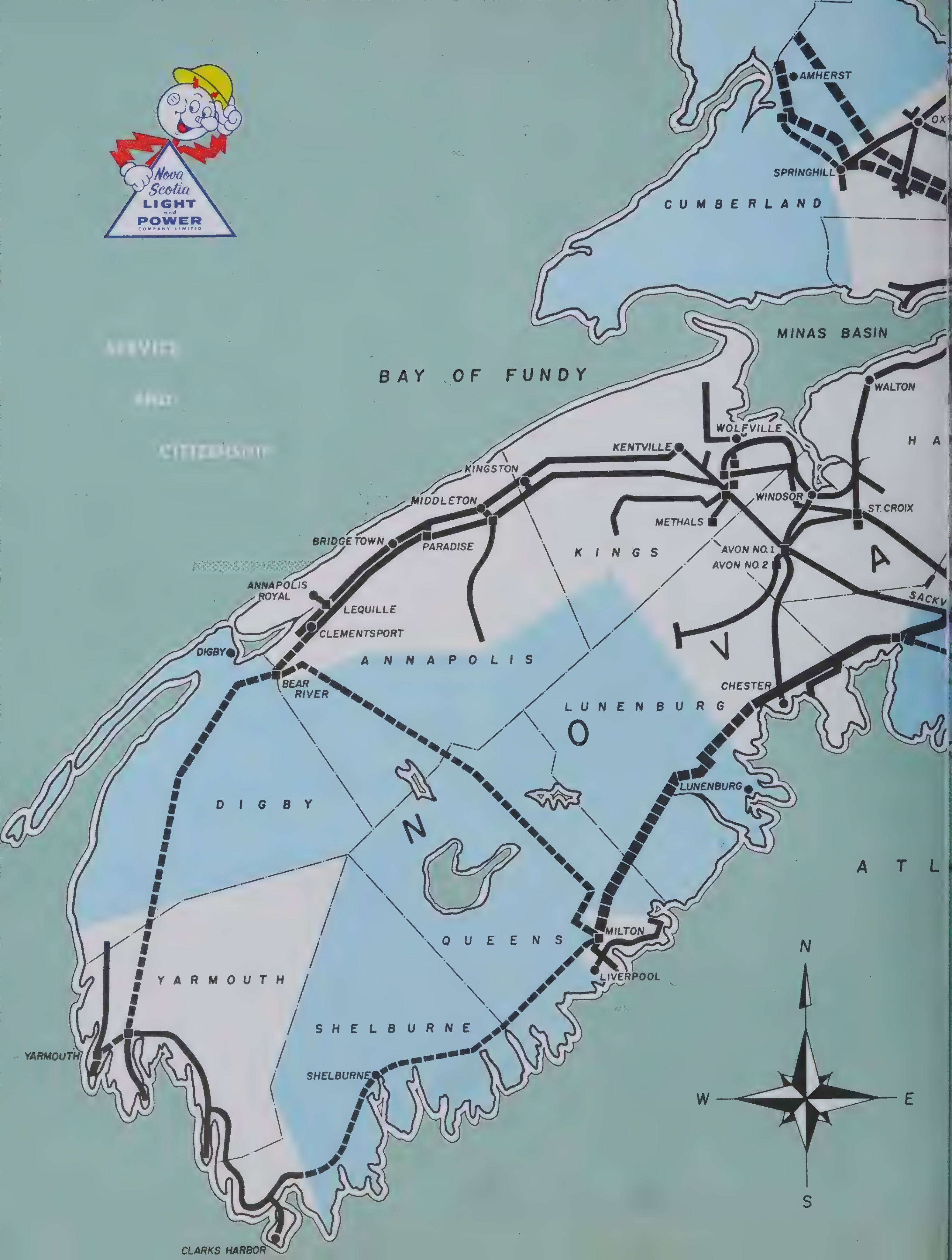
The Company is prepared to turn over its present facilities to a new metropolitan operator. Alternatively, the Company has offered to design and operate such a new system and make the necessary investment in new vehicles if the municipalities are prepared to render financial assistance to support the operation.

Passenger riding showed signs of a change in trend during 1967 in that the rate of decline appears to have levelled off. Replacement of the eighteen-year-old trolley coaches by new vehicles will improve transit results through lower maintenance costs. New vehicles together with changes in routes and schedules could attract more passengers and improved revenues.

The Company is optimistic that long-term solutions to a problem that has been most difficult over the past fifteen years will be achieved.

Professional Drivers — 72 Trolley Coach Operators — received the National Safety Council's Safe Driver Awards. Forty of these men have had "accident free" records for five years or more . . . in this group there are six with an eight-year record, three with a nine-year record, six more with a ten-year record, five with eleven years, and three who have driven summer and winter, day and night, in all kinds of weather for twelve years without an accident.

Nova Scotia LIGHT and POWER COMPANY LIMITED



IT'S EXCITING

Something exciting is going on in Nova Scotia.

You find it stirring in the offices of industry, in the urgency of the work being done by city, county and provincial planners.

You see it in the expanding labour force, the largest ever, with income at record levels, which is reflected in the growing volume of retail sales and savings bank deposits. You see it in the increasing number of dramatic new industries; in the growth of urban centres; in the expansion of educational facilities. You see it in the rapid development of research facilities by industries, universities and government alike.

You sense it in the sight of land now available for industrial parks; in the growing number of shopping centres; in the sound of trucks delivering materials and steelmen at work as magnificent new buildings rise upward where slum areas once prevailed.

You feel it in the urgency and dedication with which an increasing number of Nova Scotians are planning and charting the guide-lines for economic progress.

You recognize it in the prompt and effective action of the Provincial Government and people in all walks of life in meeting and overcoming problems.

You hear it in the busy sound of moving traffic, land, rail, sea and air. New highways, bridges, piers and cargo handling facilities are being planned and built.

You read it in the statistics for the year. Capital investment increased by 14 per cent to \$457,000,000 . . . a greater percentage increase than that of any other Province in Canada. The value of construction contracts awarded was more than \$130,000,000 . . . the highest ever recorded.

But most of all, you will find it stirring in the hearts and minds of the people. There is a new confidence and enthusiasm as Nova Scotians are busy gearing their activities to building spectacular contrasts for the Nova Scotia of tomorrow.

PUBLIC RELATIONS . . . .

The Company enjoys an enviable reputation for good service and citizenship with all of its various publics. This reputation did not come about by chance nor was it achieved by master strokes. It has been earned over the years by consistent performance aimed at well-defined goals of service and citizenship. It is the result of the day-to-day performance of Company employees in their work and in their service to the community.

Customers have become accustomed to the friendliness and courtesy shown by employees. They have high regard for the Company because of the quality, increasing value, and low cost of its service. They know that they can depend on the Company to have the most modern equipment to back its operations and that its service will be reliable and safe.

The confidence of stockholders is shown in their increasing number. Their interest has been gained by the building and operating of an efficient and well-managed business enterprise which, under public regulation, has been stable and sufficiently profitable to merit their continued support.

The loyalty and cooperation of a capable and well-motivated employee force has been won by the Company's sound industrial relations policies and practices. The broad training programs and the career opportunities are augmented by good working conditions and a well-balanced scale of wages and salaries. But even more important are the attitudes and teamwork that have been developed throughout all levels of Company people because they contribute so much to the satisfaction that employees get in their work.

With the general public, throughout all the areas it serves, the Company enjoys an excellent record of good citizenship. Both the Company and its employees actively support all worthwhile community efforts. Employees participate, and in many cases provide leadership, in Boards of Trade, City and Town Councils, Hospital Boards, Service Clubs, Boy Scouts, Y.M.C.A., charity and welfare groups, fraternal and religious organizations, cultural activities, conservation clubs, professional associations and many others.

In the broader field of citizenship the Company supports actively and financially all worthwhile charitable, educational, cultural, and other organizations who work for community betterment. It devotes special attention to the continued economic progress of Nova Scotia through its industrial development program. In this effort the Company cooperates fully with Voluntary Economic Planning, Industrial Estates Limited, the Department of Trade and Industry, A.P.E.C., civic development groups, and other agencies.

CITIZENSHIP

Company employees are active in many phases of community work. A typical cross section is shown in the pictures in this report. An even larger number of Company people participate in the Employees' Charity Fund which gave $13,000 to local charities in 1967.

1 For years the Y's Men's Club in Halifax has sold Christmas trees to raise money for youth work. Dewey McElmon, Company Statistician, (right) plays an active part in this project.

2 Perry Ronayne, Shift Supervisor in the Tufts Cove Thermal Station, makes a significant contribution to the community by serving as Secretary of the Halifax-Dartmouth Welfare Council. The Council coordinates the work of all welfare agencies in the area.

3 Gerald Lantz, Electrical Engineer, got the idea in 1963. He won the support of local residents. They raised the money and built the Centennial Arena in Fairview. It was the first Centennial project to be completed in Nova Scotia. Gerry still serves as Secretary of the Centennial Arena Commission.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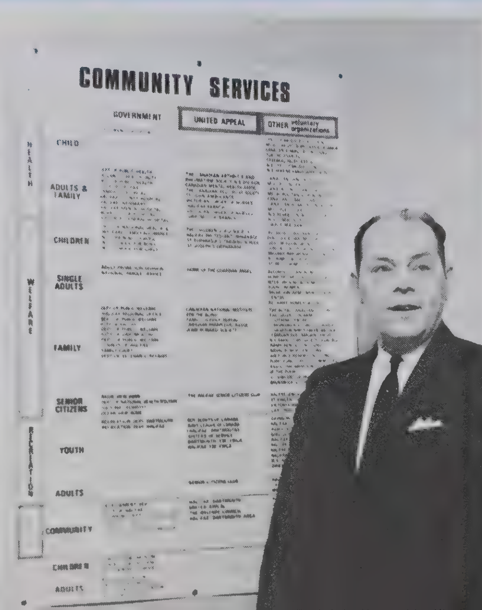

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4 Barbara Eisener, of our Stenographers Pool gives much of her time to C.G.I.T. work.

5 This unusual swimming pool is on the shore in the village of Chester. It can be drained any day by opening the sea gate at low tide . . . and filled with new clean water by the next high tide. Dud Lees, our Regional Supervisor in Chester conceived the idea and got community support to complete the job. It was Chester's Centennial Project . . . and a good one.

6 The Sandy Dancers are a precision ballroom dance group, well known in the Atlantic Provinces. They thrilled wider audiences when they performed for two days at Expo '67. Ken McGrail, Assistant General Manager, and Nelson Kennedy, Comptroller . . . and their wives, are members of the group. (7)

8 Don Dunham, Mechanical Engineer, is typical of a number of Company employees who take an active part in providing leadership for Boy Scouts. They find the effort most rewarding.

9 The interests of Frank Crawley turn to music. He trained and manages the Kilowatts, a youthful band with a good sound. Frank's son plays the rhythm guitar.

10 For the past five years, hundreds of people from all walks of life have been working together in Nova Scotia's Voluntary Economic Planning program. Every phase of the economy is being studied and positive goals for future growth are being set. Your Company's President and General Manager, A. R. Harrington, is Chairman of the overall Planning Board.

EMPLOYEES . . . .

Your Directors recognize that one outstanding asset of the Company is its name and the reputation it has for good corporate citizenship. Nor can it be questioned that a strong financial position, modern equipment, and a thriving service area are of prime importance. But all of these assets would be of little value to your Company were it not for its human resources . . . the skill, loyalty and enthusiasm of the whole employee team. Without them the records of growth and progress would not have been possible. Upon them depends the continued success and character of the Company.

At the end of 1967 the employee force was made up of 1,023 men and 135 women for a total of 1,158. In this total 241 were employed in supervisory and management positions. In the balance of 917, many skills and trades are to be found.

Four trade union locals represent this latter group. Early in the year, agreements were completed between the Company and these locals. The new contracts provided a general increase in wages.

The salaries of supervisory and management staffs were also increased to maintain proper balance and to recognize merit and increased responsibility.

Most of the Company's employees are career-minded. This is proven by their service records: 213 have more than 24 years of service; 280 have from 15 to 24 years; while 287 are in the 5 to 14 year group. Their accumulated skill and experience is valuable to the Company because it improves operating efficiency. It is valuable to customers because it helps to bring them better electric service and hold down its cost.

The Company's recruitment program requires that great care be taken in the selection of new employees; that they meet rigid employment and health standards, high trade or professional requirements and serve a probationary period. By this means the Company endeavours to recruit only those who will become career employees and who will develop a strong sense of service and citizenship.

Throughout the community the Company has gained a reputation for being a good place to work. This is due, in part, to the calibre of the present work force. It is also due to the fact that the Company provides good and safe working conditions; pays good salaries and wages; offers a broad and balanced program of benefits; has excellent training programs ranging all the way from apprenticeship plans to management courses for senior staff; and operates under a meaningful policy of promoting from within the ranks.

The total payroll for 1967 amounted to $6,836,470. In addition, the cost to the Company of employee benefits amounted to more than $1,200,000.

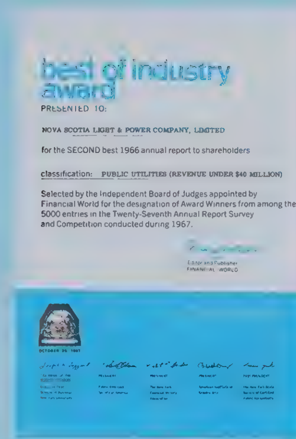
About a year ago the Company commenced the publication of a new quarterly magazine for employees . . . UTILECT. It is mailed to all active and retired employees. It keeps them in closer touch with Company affairs and policies as well as the social, athletic and other activities of employees.

SAFETY . . .

The excellent safety record for the year demonstrates the effectiveness of the Company's Accident Prevention Program. It also reflects the cooperation of employees both in the improvement of their attitude toward safety as well as in the greater care they take in doing their work.

In 1967 the Company won a number of safety awards. Among them were the Canadian Transit Association's Safety Award Plaque for high achievement among transit systems in Canada; and a Canadian Highway Safety Council Award of Merit in recognition of its outstanding service to safety.

The latter award was presented to L. C. Young, Transit Superintendent, by L. M. Delbridge, Manager of the Nova Scotia Highway Safety Council. The Company's President and General Manager, A. R. Harrington, was on hand for the ceremony.



The Company's 1966 Annual Report won major awards in two international competitions. In the Reddy Kilowatt Annual Report Contest, the award presented at the Edison Electric Institute Convention commended the Company "for its outstanding annual report which so splendidly illustrates, humanizes and simplifies to stockholders the Company's operations during the past year".

In the Financial World Competition which attracted more than 5,000 entries from all types of industry in the United States and Canada, your Company received the award for the second best annual report in its group.

In Canada, the Financial Post praised the report by saying, "One of the few reports that emphasizes its interest in employees. Also used the report as a means of reaching non-shareholders by noting a 'pass on to friends after reading'. Excellent cover."

Again in 1967 your Company won recognition in a number of fields of endeavour. Some of the awards illustrate the accomplishments of the Company and its employees in the field of good citizenship. Others are indicative of the Company's position of leadership in the electric utility industry.

We are proud of the recognition we have received. We shall continue our efforts with the hope that they will contribute to the betterment of the Company and Nova Scotia.

DIRECTORS . . . .

At the Annual Meeting of the Company on March 21, 1967, Mr. Arthur D. Stairs, because of serious ill health, did not allow his name to stand for re-election to the Board of Directors. Mr. Stairs was elected to the Board in 1949. Through his ability and his broad business experience he made a great contribution to the progress of the Company.

Mr. W. O. Morrow, of Halifax, was elected to the Board to replace Mr. Arthur D. Stairs. Mr. Morrow is a Director and Vice-President of National Sea Products Limited.

It is with deep regret that your Directors report the passing of Mr. Harold P. Briggs on April 14, 1967. A Director of the Company since 1947, he was an outstanding businessman and had wide community interests. He served your Board faithfully and well. His counsel and judgment will be missed.

In August, Mr. Harold J. Egan, of Halifax, was appointed to the Board. Mr. Egan is a consulting chartered accountant. He is President and Director of Pacific Exporters Limited, Sobey Leased Properties Limited and United Investments Limited. He also serves on the Boards of other local and national companies.

STOCKHOLDERS . . . .

At the end of the year there were 8,974 holders of the Ordinary shares and 3,684 holders of the three classes of Preferred shares. The total represents a gain of 418 when compared with the previous year.

The gain is particularly gratifying because most of the new stockholders are Nova Scotians. Many of them are customers while some are employees. They are the people who have first-hand knowledge of the Company and the dramatic economic growth that is taking place in Nova Scotia. Their support indicates their confidence in the Company and its future prospects.

The bulk of the Company's shares are held in Nova Scotia. They are owned by people in all walks of life . . . people like you and your neighbors. They represent a cross-section of the people you will find in any Nova Scotia community.

The large number of shares held by people who live all across Canada indicate that they too want to share in the upsurge of Nova Scotia's economy. Some shares are held by people in the United States and other countries.

Mutual investment funds, pension funds, insurance companies, religious and educational

institutions through their shares provide an interest in the Company for a great many more people.

Women head the list of stockholders. There are more of them than any other group. In the list you will find housewives and widows, as well as teachers and other business women. They number 5,836. Men come next with 4,877.

The Directors of the Company together own 1.4 per cent of the shares. The holdings of the ten largest stockholders add up to only 19.5 per cent of the total. All of the ten largest stockholders are trust companies, investment funds or corporations. No stockholder or special interest group controls the Company.

The Company's Bonds are held for the most part by insurance companies, thus contributing to even more widespread investment.

The Company's goal has always been to provide long-term earnings that will be competitive with other investment opportunities in the financial markets. It has also operated under a policy of retaining a substantial portion of earnings and re-investing it, together with the amounts set aside for depreciation, in the Company. This minimizes the requirements for additional public financing and improves the stockholders' equity.

Stockholders and the financial community are kept informed of the Company's affairs through quarterly statements and this Annual Report, which provides full and complete information.

FUTURE . . . .

In the immediate years ahead the growth and progress of your Company will follow the impressive pattern of past years. There can be no doubt about this. It has been clearly established by long-term trends extending back for many years. It is backed by the ever-increasing number of new uses for electricity in the home, on the farm, in commerce and by industry. It is further supported by the economic progress of the Province and the Nation.

Looking further ahead to the year 2000, and that is just 33 years from now, the prospects are almost unbelievable; but they are backed by the most expert forecasting on the continent.

The world of tomorrow will be a world on the go, a world of electricity. All of the things we associate with the future involve energy, movement and action. Electricity will be right in the forefront.

By the time today's children start their families in the 1980's the use of electricity will be more than tripled and the age of electricity will be in full swing. By the year 2000, the use of electricity will be sixteen times today's amount. Sounds incredible doesn't it? But that is exactly what has happened here in the last 33 years. Our customers now use sixteen times as much as they did in 1934.

In no other field will growth be more spectacular than that of the electric utility industry. Service will be even better, and its long-term cost should be lower than it is today despite continuing inflation.

The burden to do all this rests with the whole electric industry. Its past record and its present research is proof of its ability to do the job. The performance and planning of your Company shows very clearly that it has the underlying strength and capability to do its part. We are working at it now.

Chairman of the Board

President and General Manager

NOVA SCOTIA LIGHT AND POWER COMPANY, LIMITED

Statement of Source and Application of Funds for the year ended December 31, 1967

	1967	1966
SOURCE OF FUNDS		
Net Earnings	$ 3,466,470	$ 3,245,314
Charges not requiring funds		
Depreciation	3,976,838	3,834,270
Increase in accumulated tax reductions applicable to future years	140,446	168,144
	7,583,754	7,247,728
Sale of bonds	—	5,000,000
Sale of ordinary shares	136,572	131,323
Non-refundable customer contributions	27,111	53,450
	7,747,437	12,432,501
APPLICATION OF FUNDS		
Purchase of fixed assets	6,084,125	5,461,179
Increase in special refundable tax	89,030	220,000
Redemption of bonds	617,000	448,000
Dividends to stockholders	2,503,615	2,415,414
Increase in current portion of long-term debt	2,225,000	211,000
Miscellaneous items	(108,838)	78,126
	11,409,932	8,833,719
INCREASE (DECREASE) IN WORKING CAPITAL	$(3,662,495)	$ 3,598,782

CHANGES IN WORKING CAPITAL

	1967	1966
Current Assets	$ 4,541,777	$ 5,308,298
Current Liabilities	7,176,216	4,280,242
Working Capital		
Balance at end of year	(2,634,439)	1,028,056
Balance at beginning of year	1,028,056	(2,570,726)
INCREASE (DECREASE) IN WORKING CAPITAL	$(3,662,495)	$ 3,598,782

NOVA SCOTIA LIGHT AND POWER COMPANY, LIMITED

Balance Sheet as at December 31, 1967

ASSETS

	1967	1966
FIXED ASSETS		
Utility plant at cost		
Electric	$116,386,840	$110,712,701
Transit	3,597,213	3,595,987
	119,984,053	114,308,688
CURRENT ASSETS		
Cash	27,649	28,848
Short-term investments at cost which approximates market	—	1,301,415
Accounts receivable	2,191,295	1,963,610
Materials, supplies and merchandise at average cost	2,035,300	1,821,369
Prepaid expenses	287,533	193,056
	4,541,777	5,308,298
OTHER ASSETS		
Sinking funds held by bondholders' trustee	12,564	42,442
Discount on bond issues less amounts amortized	107,771	104,913
Special refundable tax	309,030	220,000
Cash surrender value of business life insurance	13,767	—
	443,132	367,355
	$124,968,962	$119,984,341

Signed on behalf of the Board

Director

Director

SHAREHOLDERS' EQUITY AND LIABILITIES

	1967	1966
SHAREHOLDERS' EQUITY		
Capital stock (Note 1)		
Cumulative preference shares	$ 11,786,200	$ 11,786,200
Ordinary shares	11,598,841	11,462,269
	23,385,041	23,248,469
Retained earnings	14,493,838	13,435,398
Miscellaneous reserves (Note 2)	680,667	653,556
	38,559,546	37,337,423
LONG-TERM DEBT (Note 3)	34,917,000	37,759,000
ACCUMULATED DEPRECIATION		
Electric	37,319,948	33,875,251
Transit	2,838,625	2,715,244
	40,158,573	36,590,495
ACCUMULATED TAX REDUCTIONS APPLICABLE TO FUTURE YEARS (Note 4)	4,157,627	4,017,181
CURRENT LIABILITIES		
Bank indebtedness	484,769	82,279
Accounts, payable and accrued	1,691,748	1,487,451
Income and other taxes	1,391,660	1,329,970
Dividend payable (ordinary)	493,901	492,265
Current maturities on long-term debt	2,840,000	615,000
Consumers' deposits including accrued interest thereon	274,138	273,277
	7,176,216	4,280,242
	$124,968,962	$119,984,341

The accompanying notes on pages 26 and 27 are an integral part of this financial statement.

NOVA SCOTIA LIGHT AND POWER COMPANY, LIMITED

Statement of Earnings and Earnings per Ordinary Share for the year ended December 31, 1967

	1967	1966
REVENUE		
Electric division	$26,188,485	$25,808,335
Transit division	1,430,047	1,421,554
	27,618,532	27,229,889
EXPENSES		
Cost of power generated and purchased	7,733,605	8,315,578
Operating, maintenance and general expenses	6,219,485	5,851,207
Taxes other than income taxes	1,434,363	1,354,184
Depreciation (Note 5)	3,976,838	3,834,270
Interest (Note 6)	1,705,497	1,704,599
Provision for income taxes		
Current	2,941,828	2,756,593
Deferred	140,446	168,144
	24,152,062	23,984,575
NET EARNINGS (Note 8)	3,466,470	3,245,314
Dividends declared on preference shares	530,557	530,557
Net earnings after dividends on preference shares	$ 2,935,913	$ 2,714,757
EARNINGS PER ORDINARY SHARE	$ .59	$ .55

The accompanying notes on pages 26 and 27 are an integral part of this financial statement.

NOVA SCOTIA LIGHT AND POWER COMPANY, LIMITED

Statement of Retained Earnings for the year ended December 31, 1967

	1967	1966
BALANCE AT BEGINNING OF YEAR	$13,435,398	$12,571,551
Net earnings for the year	3,466,470	3,245,314
Miscellaneous non-operating adjustments	95,585	33,947
	16,997,453	15,850,812
Dividends declared		
Preference shares	530,557	530,557
Ordinary shares	1,973,058	1,884,857
	2,503,615	2,415,414
BALANCE AT END OF YEAR	$14,493,838	$13,435,398

AUDITORS' REPORT . . . .

To the Shareholders
Nova Scotia Light and Power Company, Limited

We have examined the accompanying financial statements of Nova Scotia Light and Power Company, Limited for the year ended December 31, 1967 comprising the balance sheet as at that date and the statements of earnings and earnings per ordinary share, retained earnings, and source and application of funds for the year then ended and have obtained all the information and explanations we have required. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion and according to the best of our information and the explanations given to us and as shown by the books of the company the aforementioned statements are properly drawn up so as to exhibit a true and correct view of the state of the affairs of the company as at December 31, 1967 and the results of its operations and the source and application of funds for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Riddell, Stead, Graham & Hutchison,
Chartered Accountants.

Halifax, N. S.
January 25, 1968

Notes to Financial Statements

NOTE 1—CAPITAL STOCK

	1967	1966
Authorized: Cumulative redeemable preference shares		
24,300 shares 6% (redeemed in 1954)		
20,000 shares 4% par value $100		
127,572 shares 4½% par value $100		
80,000 shares 5% par value $50		
Ordinary shares of no par value		
7,500,000 shares		
Issued: Cumulative redeemable preference shares		
20,000 shares 4%	$ 2,000,000	$ 2,000,000
77,572 shares 4½%	7,757,200	7,757,200
40,580 shares 5%	2,029,000	2,029,000
	11,786,200	11,786,200
Ordinary shares 4,939,005 shares (1966—4,922,649)	11,598,841	11,462,269
	$23,385,041	$23,248,469

All preference shares are redeemable at the option of the company at 105% of the par value of each share.

During the year 16,356 shares were issued for cash of $136,572 to the trustees of the employees' stock purchase plan.

NOTE 2—MISCELLANEOUS RESERVES

	1967	1966
Balance at beginning of year	$ 653,556	$ 600,106
Non-refundable customer contributions	27,111	53,450
Balance at end of year	$ 680,667	$ 653,556

NOTE 3—LONG-TERM DEBT

First mortgage sinking fund bonds

Series	Maturity	Issued	Redeemed	1967	1966
3¾%	July 2/68	$ 3,000,000	$ 799,000	$ 2,201,000	$ 2,258,000
3⅜%	May 1/71	7,500,000	2,132,000	5,368,000	5,472,000
3½%	Nov. 1/72	1,500,000	361,000	1,139,000	1,166,000
3⅝%	Sept. 1/73	3,000,000	636,000	2,364,000	2,415,000
4⅞%	July 2/74	2,100,000	410,000	1,690,000	1,713,000
4%	May 1/75	4,000,000	604,000	3,396,000	3,458,000
5½%	June 1/77	4,000,000	511,000	3,489,000	3,553,000
6%	Dec. 1/77	4,000,000	523,000	3,477,000	3,544,000
5¾%	Apr. 1/84	10,000,000	317,000	9,683,000	9,795,000
6%	Apr. 1/86	5,000,000	50,000	4,950,000	5,000,000
		$44,100,000	$6,343,000	37,757,000	38,374,000
Less current maturities				2,840,000	615,000
				$34,917,000	$37,759,000

	1967	1966

NOTE 3—continued

Sinking fund payments are required annually of an amount at least equal to one per cent of the aggregate principal amount of bonds issued plus an amount equal to the annual interest on all such bonds previously redeemed through the Sinking Fund.

NOTE 4—ACCUMULATED TAX REDUCTIONS APPLICABLE TO FUTURE YEARS

This is the amount by which income taxes otherwise payable have been reduced by the intention to claim for tax purposes capital cost allowance in excess of depreciation recorded in the accounts.

NOTE 5—DEPRECIATION

Depreciation has been calculated using the straight line method at rates approved by the Nova Scotia Board of Commissioners of Public Utilities.

NOTE 6—INTEREST

	1967	1966
Bond interest	$ 1,869,067	$ 1,812,501
Less: Net interest earned on investments	33,691	21,607
Interest charged to construction	129,879	86,295
	163,570	107,902
	$ 1,705,497	$ 1,704,599

NOTE 7—REMUNERATION OF DIRECTORS AND OFFICERS

Direct remuneration of Directors and Officers for the year ended December 31, 1967 amounted to $137,646 of which $66,455 was received by Officers who are not Directors.

NOTE 8—NET EARNINGS

Improvements in automated data processing equipment have enabled the Company to advance its billing cycles closer to year-end than in previous years. The effect of this added revenue on earnings is offset by operating adjustments such as the amount of steam generation and power purchases versus the amount of hydro storage set aside for the following year.

	1967	1966	1965	1964	1963
Revenue Sales					
Domestic	$ 9,751,066	$ 9,093,407	$ 8,634,853	$ 8,264,421	$ 7,958,545
Commercial Light	3,251,114	3,200,889	3,202,648	3,133,054	3,202,360
Commercial Power	3,505,430	3,257,917	2,965,919	2,694,885	2,579,336
General Service Lt. & Pr.	4,068,454	3,432,839	3,012,283	2,706,574	2,624,276
Industrial Power	2,431,061	2,346,640	2,056,754	1,780,192	1,579,879
Other Electric Utilities	464,618	430,958	420,435	379,367	350,373
Miscellaneous	1,013,153	982,103	877,140	770,394	695,919
Consumer Forfeited Discounts	264,308	258,322	214,603	217,564	199,002
Total Revenue	$24,749,204	$23,003,075	$21,384,635	$19,946,451	$19,189,690
Sales to Grid Interconnection	$ 1,186,414	$ 2,592,144	$ 1,728,028	$ 782,255	$ 230,603
Kilowatt Hours					
Domestic	464,364,344	424,981,917	398,433,244	378,549,024	349,999,531
Commercial Light	98,451,727	96,568,585	95,959,400	93,517,288	88,004,978
Commercial Power	159,610,063	144,482,039	126,235,565	111,611,050	104,245,751
General Service Lt. & Pr.	184,771,574	156,139,146	137,044,983	123,386,695	113,496,882
Industrial Power	195,044,547	190,166,313	170,360,131	142,180,008	124,038,386
Other Electric Utilities	35,773,120	32,523,607	31,887,320	27,929,074	25,249,731
Miscellaneous	24,420,773	23,511,715	23,971,993	21,744,057	21,448,414
Total Sales	1,162,436,148	1,068,373,322	983,892,636	898,917,196	826,483,673
Sales to Grid Interconnection	199,266,800	414,207,200	275,011,000	128,742,300	39,721,500
Customers (as at December 31)					
Domestic	96,223	94,162	92,168	87,760	86,484
Commercial Light	8,547	8,702	8,711	10,039	9,658
Commercial Power	4,579	4,857	4,756	6,872	7,148
General Service Lt. & Pr.	995	772	471	343	134
Industrial Power	38	32	30	26	24
Other Electric Utilities	4	4	3	3	3
Miscellaneous	66	65	67	67	63
Total	110,452	108,594	106,206	105,110	103,514
Transit					
Operating Revenue	$ 1,430,047	$ 1,421,554	$ 1,458,992	$ 1,534,853	$ 1,592,218
Revenue Passengers Carried	10,568,927	10,588,929	12,463,329	13,185,294	13,944,043
Revenue Coach Miles	1,769,393	1,789,827	1,850,101	1,994,642	2,115,405
Employees					
Number as of December 31	1,158	1,164	1,173	1,203	1,116
Wages and Salaries Paid	$ 6,836,470	$ 6,367,517	$ 6,520,706	$ 5,816,864	$ 5,356,630
Ordinary Stock					
Shares Outstanding Dec. 31*	4,939,005	4,922,649	1,635,845	1,631,059	1,626,196
Number of Stockholders	8,974	8,476	7,177	7,183	7,321
Dividends Declared on Ordinary Shares	$ 1,973,058	$ 1,884,857	$ 1,634,073	$ 1,629.301	$ 1,543,353
Earnings per Share	$ .59	$ .55	$ 1.69	$ 1.65	$ 1.53
Dividends per Share**	$ .40	$ .38	$ 1.00	$ 1.00	$ .90
Preference Stock					
Total Par Value Preference Shares	$11,786,200	$11,786,200	$11,786,200	$11,786,200	$11,786,200
Dividends Declared on Preference Shares	$ 530,557	$ 530,557	$ 530,557	$ 530,557	$ 530,557

Revenue from kilowatt hour sales to regular customers amounted to $24,749,204; in addition, sales to interconnected utilities provided revenue of $1,186,414; steam heat and other non-operating revenues account for $252,867 making the total of $26,188,485 shown on the Statement of Earnings (page 24).

*Change this year accounted for by sales to employees under employees' stock purchase plan.

**Ordinary stock split three for one, April 14, 1966.

OFFICERS

J. C. MacKEEN
Chairman of the Board

A. S. FRASER
Vice-President

A. R. HARRINGTON
President and General Manager

G. D. STANFIELD
Vice-President

I. B. JAMIESON
Treasurer

K. W. McGRAIL
Assistant General Manager

C. N. KENNEDY
Comptroller and Assistant Treasurer

E. A. LeBLANC
Secretary and General Counsel

DIRECTORS

*H. P. BRIGGS .... Halifax
President and General Manager, Pyke Brothers Limited

F. M. COVERT, Q.C., O.B.E., D.F.C. .... Halifax
Senior Partner, Stewart, MacKeen & Covert

C. W. DEAN .... Yarmouth
President, Yarmouth Royal Stores Limited

*H. J. EGAN .... Halifax
Consulting Chartered Accountant

A. S. FRASER .... Montreal
President, Investment Foundation Limited

A. R. HARRINGTON .... Halifax
President and General Manager
Nova Scotia Light and Power Company, Limited

HON. G. B. ISNOR, Senator .... Halifax
Proprietor, Gordon B. Isnor's Stores

R. A. JODREY, D.C.L. .... Hantsport
President, The Minas Basin Pulp and Power Company, Limited

J. H. MOWBRAY JONES, D.Eng. .... Montreal
Director, The Bowater Paper Corporation Ltd.

J. C. MacKEEN, D.C.L. .... Halifax
Director, Royal Bank of Canada

*W. O. MORROW .... Halifax
Vice-President, National Sea Products Limited

*A. D. STAIRS .... Halifax
President, Wm. Stairs, Son & Morrow, Limited

DENIS STAIRS, O.B.E., M.C., D.Eng. .... Montreal
Chairman, Newfoundland Light and Power Co. Limited

G. D. STANFIELD .... Halifax
President, Starr Manufacturing Works Limited

AUDITORS

RIDDELL, STEAD, GRAHAM & HUTCHISON .... *Halifax*

TRANSFER AGENTS

CANADA PERMANENT TRUST COMPANY .... *Halifax, Montreal and Toronto*

REGISTRARS

THE ROYAL TRUST COMPANY .... *Halifax and Montreal*
MONTREAL TRUST COMPANY .... *Halifax, Montreal and Toronto*

HEAD OFFICE

CAPITOL BUILDING .... *Halifax, Nova Scotia*

The Company's ordinary stock is listed on the Montreal and Toronto Stock Exchanges.

*See Directors Page 19.

WE SHALL . . .

Conduct our business in the public interest by seeing that our customers are given good service at reasonable rates in a courteous manner — and by working actively for the welfare of our communities, our province and our nation.

Continue to develop a sound employee organization, which is the foundation of efficient operation and good public relations.

Endeavour to operate our business at a profit so that we not only can pay interest and dividends to our investors while protecting their principal, but so that we can attract new investors as our needs for capital continue to grow.